

NEWS FROM ED MARKEY

United States Congress

Massachusetts Seventh District

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“ACTION NEEDED NOW ON HOME HEATING” SAYS MARKEY

Lawmaker Keeps Heat on President to Keep Heating Bills Down This Winter

Washington, DC: Rep. Edward Markey, a senior Member of the House Energy and Commerce Committee, today called upon the Bush Administration to release oil from the Strategic Petroleum Reserve (SPR) to help ease the stratospheric oil prices that are poised to trap small businesses and low-income Americans in an economic blizzard this winter. Rep. Markey also repeated his request that the President prepare to open the Northeast Home Heating Oil Reserve to curb the rising prices on home heating oil, and called for the President to take other actions to address excessive speculation in our nation's oil markets.

“Since this time last year, oil prices have risen an astounding *eighty-six percent*,” said Rep. Markey, adding that “Unless action is taken now to bring the price of oil down to a sane level, New Englanders will pay more than thirteen hundred dollars to heat their homes with heating oil this winter, sixty-two percent more than they paid in the winters between 1998 and 2000.”

In the letter that Rep. Markey sent to President Bush today, the lawmaker cited not only increased global demand but also OPEC's lack of spare capacity to compensate for supply disruptions and excessive speculation in the oil market, noting that “...the current high prices cannot be explained purely as a matter of supply and demand” since “global demand for oil has increased by only 3.3 percent over last year, but prices have increased by eighty-six percent.”

Rep. Markey called on the President to take five immediate steps to address the problem:

- Declare his intention to release a sufficient quantity of oil from the Strategic Petroleum Reserve to help curb excessive speculation in global oil markets;
- Announce his willingness to make home heating available from the Northeast Home Heating Oil Reserve to address any price spikes or supply shortages in the Northeast;
- Temporarily suspend further purchases of crude oil for the Strategic Petroleum Reserve;
- Formally request that the Commodities Futures Trading Commission consider whether margin requirements should be increased in the oil futures markets to curb excessive speculation in such markets, and conduct a comprehensive examination of the activities

of all holders of large positions in such markets (including any related trading in unregulated over-the-counter oil derivatives markets);

- Initiate a comprehensive examination, by the Department of Energy, the Federal Trade Commission, the Commodities Futures Trading Commission, and the Securities and Exchange Commission, of the current competitive structure of the nation's oil and natural gas markets, and related oil futures and derivatives markets, including whether there is excessive concentration of market power, anti-competitive activity, and lack of transparency.

“Even the president of OPEC is requesting that we use our Reserve to help tame the price of oil,” Rep. Markey pointed out. “Since the SPR was formed in the 1970’s as a counterbalance to the power of the OPEC cartel, it is extraordinary that OPEC would make such a request.” Rep. Markey asked President Bush, “If even the largest oil producers acknowledge the world oil prices are too high and that there is excessive speculation in these markets, why is your Administration unwilling to even consider taking action to address this situation?”

Tapping the resources of the SPR to curb oil prices is not without precedent. The last major release occurred in the fall of 2000 when President Clinton authorized an oil swap that distributed of 30 million barrels from the SPR; that release helped to end a twenty-month rally that saw oil prices rise from ten dollars to thirty-eight dollars.

Rep. Markey concluded, “We are facing a potential home heating emergency this winter, one that will be particularly hard on low-income families. We need action now by the President to help head off this crisis.”